

Fiscal Note

BILL # SB 1224

TITLE: empowerment scholarships; qualified schools; reservations

SPONSOR: Allen S

STATUS: As Amended by Senate ED

PREPARED BY: Patrick Moran

Description

The bill modifies the definition of "qualified school" for the purposes of Empowerment Scholarship Account (ESA) eligibility to include nongovernmental primary or secondary schools that are in an adjacent state and within 2 miles of the Arizona state border. It also would clarify that stepparents may enroll a qualified student in an ESA.

Estimated Impact

Under Laws 2019, Chapter 276, ESA enrollees living on an Indian Reservation are permitted to use ESA monies for tuition expenses at a nongovernmental primary or secondary school or a preschool for pupils with disabilities that is located in an adjacent state and that is within 2 miles of the Arizona state border through July 1, 2020. Given that the bill would effectively make the provisions of Chapter 276 permanent, the bill does not represent a fiscal impact compared with current policy.

If Chapter 276 were instead allowed to expire, however, there would be a potential fiscal impact depending on the type of school the students would decide to attend following the expiration. As a result, the bill foregoes such fiscal impacts.

The Department of Education (ADE) does not have an estimate of the impact of the bill.

Analysis

A.R.S. § 15-2402 authorizes the use of Empowerment Scholarship Account monies for specified expenses at a "qualified school" including tuition or fees, textbooks, and uniforms. Under current law, "qualified schools" are defined as a nongovernmental primary or secondary school or a preschool for pupils with disabilities that is located in the state of Arizona.

Laws 2019, Chapter 276 already required, as session law, that schools within 2 miles of the Arizona border and that accepted Arizona ESA monies since the 2017-2018 school year from ESA enrollees residing on an Indian Reservation be defined as "qualified schools" that may receive ESA monies, retroactive to June 30, 2017. It further allowed that ESA enrollees that reside within the boundaries of an Indian reservation be permitted to use ESA monies for tuition at such schools through July 1, 2020.

The bill effectively makes the provisions of Chapter 276 permanent by revising the definition of "qualified school" to include schools in an adjacent state for ESA enrollees that reside within an Indian Reservation as long as such schools are within 2 miles of the Arizona state border. As a result, the bill does not represent a fiscal impact relative to current policy.

If, however, the provisions of Chapter 276 were allowed to expire in July 1, 2020, it is possible that expiration would generate fiscal impacts. The magnitude and direction of such impacts would depend on which schools affected students would decide to attend under the expiration. For example:

- If affected students decided to attend the same out-of-state private schools following the expiration of Chapter 276, the expiration would represent a savings to the state, as ADE would no longer be required to pay for tuition for out-of-state schools.

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- If the affected students decided to instead attend in-state private schools following the expiration, there would be no fiscal impact, as the cost of the ESAs for each student does not currently change based on whether the student is attending an in-state or out-of-state school.
- If affected students instead decided to attend an Arizona public school, the fiscal impact would depend on several factors, including whether the student attends a district or charter school and whether the child has a special needs designation, as the formula for calculating ESAs is different from Basic State Aid provided to districts or charter schools.

Under the bill, however, these potential fiscal impacts would be forgone, as the provisions of Chapter 276 would be made permanent.

ADE states that it is unable to calculate a fiscal impact of the change in the definition of "qualified school." The department notes that the bill would not expand the number of students eligible for the ESA program, but could increase ESA participation among students who reside on a reservation if there are schools across state lines that were previously ineligible for ESA program funds that are made eligible as a result of the bill. The department does not, however, have data to quantify such impacts, and therefore determined that the fiscal impact is unknown.

The bill also expands the definition of "parent" for the purposes of the ESA program to include stepparents. ADE states that it interprets current law to include stepparents, so this change would effectively codify ADE's current practice. As a result, there is no anticipated fiscal impact to this provision.

Local Government Impact

None

2/5/20